

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Audit 1.0	EFFECTIVE DATE: 3/11/83
TITLE: Audit Liaison and Resolution--DHSS Organizations	REVISION DATE: 10/31/92
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BACKGROUND

As DHSS units are audited, fiscal and program staff in the Division of Management Services (DMS), Office of Policy and Budget (OPB), and Office of Program Review and Audit (OPRA) typically obtain early information on emerging issues and probable audit findings from informal conversations with auditors, receipt of memoranda and from draft reports received while audits are in progress. The Office of the Secretary must be informed of substantive issues as they emerge during audits of DHSS units and programs, and effective coordination should be maintained for financial audits and program evaluations.

This policy directive is designed to promote orderly and efficient resolution of audits for any division of the Department of Health and Social Services. It covers financial/compliance and management/operational audits performed to meet Federal and State requirements and audits performed at the request of Department managers. Thus, it applies to audit reports prepared by various Federal auditors, the Legislative Audit Bureau (LAB), independent Certified Public Accountants, and the Department's Office of Program Review and Audit (OPRA), which covers audits of units within the Department.

POLICY

The DMS Administrator and OPB Director, or their designees, will maintain liaison with financial and program auditors, respectively, and must be informed of problem issues that are identified while audits are in progress. They will notify the Office of the Secretary and OPRA immediately when substantive audit issues are identified. When deciding if emerging audit issues are substantive, they should err on the side of over-reporting rather than under-reporting.

The Department of Health and Social Services policy is to resolve all audits of its programs and operations in a timely manner. In the case of Federal audits, there are strong indications that Federal agencies rigidly enforce OMB policies requiring audit resolutions within six months. To ensure that all audit recommendations are dealt with effectively, the audit resolution process requires the auditee to draft a response to all audit recommendations for review by the Secretary, who will direct that a formal audit resolution plan be developed. OPB and OPRA are responsible for monitoring LAB program evaluation and Single Audit recommendations, respectively.

In addition, divisions are reminded that proper, timely and complete responses should be provided for inquiries from auditors and legislative oversight committees.

PROCEDURES FOR EARLY ALERT ON AUDIT ISSUES

1. The Director, Bureau of Fiscal Services, or designee, will be the DMS liaison for all matters relating to financial audits and program reviews, including liaison with auditors. OPRA will work cooperatively with the BFS designee in monitoring the progress of program reviews.
2. The Chief, Evaluation Section, or designee, will be the OPB liaison for all matters relating to program evaluations conducted by LAB.
3. Other Division Administrators will select a bureau or office to designate a position as the division contact for all matters relating to the audits of division units or programs.
4. Staff in division units being audited will immediately notify their division contact who in turn will notify the DMS and OPB designees of major issues (i.e., potential fiscal impact, management, program problems) that emerge while audits are in progress.
5. DMS and OPB designees will monitor the progress of the financial audits and Legislative Audit Bureau program audits, respectively, and provide oral reports thereon to the Office of the Secretary at regular staff meetings or on an ad hoc basis as necessary.

PROCEDURES FOR AUDIT RESOLUTION-DHSS ORGANIZATIONS

1. Each Division Administrator will select a bureau or office to designate a position as the division contact for all matters relating to all audits of division units or programs.
2. Notice of the dates for all audit entrance and exit conferences will be given to BFS and OPRA, within twenty-four hours of receipt by the auditee. Audits include not only financial audits, but reviews of program management, operations and/or outcomes.
3. Copies of all audit reports (including any management letter issued) will be filed with the Secretary's Office, the Director of Office of Program Review and Audit, and with the Office of the Administrator, Division of Management Services, within twenty-four hours of their receipt by the auditee.
4. The Secretary's office will set a date for review of the auditee's proposed response to the audit recommendations.
5. The auditee will prepare a written summary of any corrective action taken as a result of recommendations made while audit fieldwork was in progress, as well as a brief summary of the results of the exit conference.

If some of the audit recommendations are directed at an entity other than the primary auditee (for example, an audit of one of the program divisions may result in some recommendations concerning the activities and responsibilities of the Division of Management Services), then this other entity will prepare the response to these recommendations.

6. A formal audit resolution plan should be developed within thirty days for all audits.
7. The audit resolution plan (for state single audit and federal reviews) will be filed with OPRA and the audited organization responsible for the findings, who will be responsible for the divisions' progress in following the audit resolution plan.

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